



Town of Arlington, Massachusetts
730 Massachusetts Ave., Arlington, MA 02476
Phone: 781-316-3000

webmaster@town.arlington.ma.us

State of the Town, K. Dias, 4/22/02

State of the Town Address

Kathleen Kiely Dias

Chairman, Arlington Board of Selectmen

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Arlington Town Meeting members, Arlington Citizens, Arlington Department Heads, Employees, members of Town Boards and Committees, honored guests, welcome to the Second Annual State of the Town Address. The Vision 2020 Standing Committee and the Arlington Board of Selectmen are the sponsors of this address. On behalf of the Board of Selectmen, Jack Hurd, Charles Lyons, Kevin Greeley and Diane Mahon, I want to acknowledge the efforts of the Standing Committee most especially Jane Howard and the Fiscal Resources Vision 2020 Task Group as well as the members of the Board of Selectmen's office: Marie Krepelka, Board Administrator, Jean Devereaux and Sandy Chamberlain.

I would also like to take this opportunity to thank both old and new Town Meeting members, recently re-elected Town officials and those who were not elected but who chose to participate in the process and bring their skills and insights to the electoral debate this year.

The Vision 2020 process was an idea first put forth by three members of the Board of Selectmen in 1990 and it became an official Committee in 1992.

The thought behind the Committee was that decision making should not be made in isolation, that somehow Town Boards and Committees should have access to information concerning the long-range needs and desires of the community and how citizens would prioritize identified needs. As the Vision 2020 process has moved forward, hundreds have participated in a variety of committees and through this experience individuals have learned about the town and in turn the town has benefited from the interests and expertise of the members of the far reaching task groups of the Vision 2020 process.

There are a variety of other organizations with social service, athletic, artistic missions that enrich the day-to-day life of Arlington and I want to thank them at this time also.

The focus of this address will be on some specific accomplishments of the past year and the implications of the state budget shortfalls on town operations and long-term goals.

In response to a positive vote by the citizens of Arlington, the Town has completed the purchase of the Symmes Hospital site on April 17th. The goal of this purchase was to maintain open space, provide some medical services and increase affordable housing opportunities in the Town. Dedicated members of the Symmes Advisory Committee and the Arlington Redevelopment Board have and continue to meet, study and make recommendations on the future use of this prominent piece of Arlington property. The process that continues to be developed is to ensure that members of the community participate in the planning process. In addition to local committee input an RFP is being developed to hire a consultant who would bring additional professional knowledge to the project. The "primary goal of the consultant" will be a comprehensive evaluation of the property that encompasses identifying appropriate and reasonable uses for the site within the constraints imposed by location, neighborhood impact, environmental limitation, economic feasibility and other related factors and to assist the town in presenting to the public those options and encouraging citizen participation in the planning process. The final decision will be made by Town Meeting.

It is with great expectation and relief that I note that the Reeds Brook Project is underway. As we meet this spring, the present drainage ditches of which the majority portion are located in Lexington, are being cleaned. Approximately four feet of silt are being removed to make them fully operational. Additional drainage elements will be built and the entire system should be functioning by the end of the construction season this year. When the Reeds Brook land has been reclaimed and the design has been completed we will have spent \$5.6 million on the project but we will have gained a better system of managing flood water in the neighborhood and the Town will have gained twenty-two acres of parkland.

This seems an appropriate juncture to speak of the maintenance of our parks and playgrounds. This issue was rated the number one issue on this year's 2020 survey of town concerns. We need to learn from past experience what has not gone well in our re-building and maintenance program for our parks and fields. We will need to rotate and rest our fields on periodic schedules and increasingly rely on special interest and advocacy to support and monitor our playgrounds, parks and open spaces. In town expertise coupled with community activism appears to be the most reliable alternative to meeting the goal of better playground and park maintenance.

Additional Affordable Housing continues at fifty places on the 2020 survey of citizens concerns as of the responses totaled by 4/8/02. I can report that 50% of the Town's CDBG annual grant is now directed toward affordable housing and rehabilitation for low and moderate income families. The \$500,000 we spend generates over one million dollars in additional financing to augment our CDBG expenditure through the Federal Home Loan Program and a partnership with Cambridge Savings Bank for lower interest loans. A huge thank you to the Housing Corporation of Arlington and the Interfaith Association for their initiative in support of Arlington's affordable housing goals.

The issue of traffic/parking and the larger topic of transportation in Arlington continue to be a frequent agenda item for the Board of Selectmen. Under the direction of Ed Starr the Transportation Advisory Committee has gathered information, worked with the consultants, conducted field visits and provided advice to the Board of Selectmen as requested on several local transportation problems, conducted liaison meetings with outside groups, held and publicized an informational website, and helped to ensure consistent responses to transportation issues. Community Safety has established and staffed a Traffic Division increasing the focus of traffic enforcement and with newly purchased traffic measurement devices the division will be able to provide baseline traffic volume and speed data.

We average 20 collisions with pedestrians each year, with another pedestrian fatality just two weeks ago on Massachusetts Avenue. The Advisory Committee has submitted an alternate plan reducing the amount of money requested this year from \$25,000 to a total of \$50,000. The alternate plan leverages the significant time being invested by volunteers, keeps costs low but still allows us to make progress. It is our sincerest hope that Town Meeting will listen carefully to the proposal and vote this reduced sum to support the work of the committee that addresses a significant quality of life issue in Arlington.

Completion of the school rebuilding project has and remains one of the most important concerns facing the community this year. It comes in second on the 2020 survey.

Phase I has been completed in accordance with the debt service vote. The Brackett, Bishop and Hardy have been completed. These projects are fully bonded and came in over budget at 13.64% for a total increase of \$3 million over the original estimates.

Phase II includes the completion of the Peirce and the beginning of the Dallin, Thompson and Stratton. The estimated cost of the debt service override was \$34.5 million, the estimated cost at present is \$44.6 million. The difference of \$10.1 million is a 29.28% increase in the cost of these schools. The Department of Revenue may require us to go back to the voters for another debt override because this is a significant percentage increase in estimated cost. If we do not go back to the voters we will need to absorb this increase within the limits of Proposition 2½. This option could severely affect the Capital Budget until state reimbursement comes in.

Reimbursement itself is a major budget consideration this year and could have profound implication for our town because the Acting Governor has proposed that the reimbursement schedule be extended from five to ten years.

The implication of this extension would be that taxpayers would be paying two-thirds of the total project costs for Peirce and Dallin instead of one-third as promised for a 10-year period. The main policy decision: Do we delay Dallin School construction so that taxpayers pay no more than was estimated at the time of the override?

In regard to the Thompson and Stratton, the estimated construction costs have risen 43.4%. The question is: Do we go forward now with preliminary design in order to apply for state reimbursement even as the rules are changing. It is extremely difficult to predict when reimbursement will be forthcoming for these two schools. The challenge ahead is to devise a plan to rebuild all seven schools in an equitable manner and if cost increases and proposed reimbursement schedule changes are not enough, the state has not finalized the audit of the Ottoson School. This is delaying a \$400,000 annual payment. The Capital Budget is suffering as projects are being delayed to make up for this shortfall.

What has happened to bring us to this place? Basically state revenues are declining by as much as \$2 billion -- about 10% of the State's total revenue. These revenue shortfalls are due mostly to a reduction in capital gains and stock dividends. The State is using its rainy day fund to finish this fiscal year. You have already read that cuts are already happening in State programs. You have also read that various State budget plans include reductions in local aid by as much as 10%. This would mean a \$1.8 million cut for Arlington.

Since Proposition 2½ was enacted 20 years ago, the Town has reduced employees and made significant efficiencies. The Police Department is down from 100 officers to 68 officers. The Public Works Department was staffed at 179. It now has 99 employees. The Fire Department has suffered its share of reductions as well. Do we really want to eliminate teaching positions, firefighters and police officers and any town employee that is doing work that we want and need them to do?

Coupled with a fall in State Revenues is an issue that will continue to put pressure on local budgets: the cost of Health Insurance for town employees. Arlington is not alone in experiencing increased expenses. Other communities and private employers are sounding the alarm. Arlington employees have made concessions over the past three years. They have agreed to close most indemnity plans to new employees, moved all eligible retirees to the Medicare Programs. The unions are open to an educational program to assist members to use mail order drug purchase programs that will reduce the co-pays for the employees and reduce the cost of the pharmaceutical to the insurance companies. Even with the best efforts of all, I am not sure the solution to raising health care costs remains within our control. We will need to forge Partnerships with other communities to look for solutions on a state and federal level. Otherwise we will continue to tinker around the edges and gradually erode our work force to meet the Town's responsibility.

Believe it or not, I do have some good news. Anticipating that the good times would not last indefinitely, the Town does have financial reserves. We have \$5 million in free cash and \$2 million in the stabilization fund. As we gather to discuss how much of our reserves to allocate to current budget shortfalls we will need to consider: How long will the State revenues continue to decline? Should we develop a policy to ease the reductions over the next three years by using our reserves judiciously? What will our priorities be when we make these decisions?

We should be concerned as we approach these difficult decisions but not overwhelmed. Arlington has been and continues to be a well-managed town. Citizens continue to come to the table offering professional and personal expertise to assist the town on any number of committees, boards, and task groups.

I continue to be inspired by the energy and excitement alive in our community. A community enriched by tradition, molded by the consent of the governed, protective of the rights of the individual and leavened by the hope and challenge of the future. We have a road ahead of us that is filled with many possibilities, opportunities and no doubt a few potholes, but I am grateful for the invitation to travel that road with you.